CIBL, INC

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of the Company's financial condition and results of operations should be read in conjunction with its audited consolidated financial statements and related notes.

RESULTS OF OPERATIONS

Forward-Looking Statements and Uncertainty of Financial Projections

Forward-looking statements are not based on historical information but relate to future operations, strategies, financial results or other developments. Forward-looking statements are necessarily based on estimates and assumptions that are inherently subject, without limitation, to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and many of which, with respect to future business decisions, are subject to change. These uncertainties and contingencies can affect actual results and could cause actual results to differ materially from those expressed in any forward-looking statements made by, or on behalf of, the Company.

Overview

Currently, CIBL, Inc. ("CIBL" or the "Company") has one operating business, through a 40% ownership in ICTC Group, Inc. ("ICTC"), a provider of broadband data transport and voice communications in southeastern North Dakota. In addition, as a result of the recent sale of certain of its investments, the majority of the Company's assets are comprised of cash and cash equivalents. As discussed in more detail below, the Company is evaluating various strategic options at this time.

Several events, noted below, which have occurred over the last two years have significantly impacted the Company's Consolidated Financial Statements. As used herein, CIBL refers to CIBL, Inc. and all of its wholly owned subsidiaries, and ICTC refers to ICTC Group Inc. and all of its wholly owned subsidiaries.

- On September 16, 2013, CIBL agreed to sell its interests in two network affiliated television broadcasting stations: Station WOI-TV and Station WBHF-TV. In the case of Station WOI-TV, CIBL sold its 50% ownership of the common shares of Capital Communications Company, Inc., the operator of Station WOI-TV. In the case of Station WHBF-TV, Coronet Communications Company (a partnership) sold the assets of Station WHBF-TV and distributed the net sale proceeds, after repayment of debt and expenses of sale, and liquidation of certain other assets not part of the sale transaction, to its partners. Coronet will ultimately liquidate. CIBL received 20% of the distributions plus a 5% carried interest from the sale of Station WHBF-TV. The sale transactions closed on March 13, 2014. As a result of these transactions, CIBL will receive total net proceeds of $21,702,000, after payment of associated debt and expenses and including the liquidation of certain net assets not part of the sale transactions. $11,489,000 was received in 2013 and $9,800,000 was received in March 2014.

- In November and December 2012, CIBL acquired an approximately 40% interest in ICTC for $3,651,000 including related transaction costs. On April 11, 2013, as the result of a Voting Rights Agreement, CIBL obtained voting control of ICTC and began consolidating ICTC's results in its Consolidated Financial Statements.

The summary impact of these events on the Consolidated Financial Statements of CIBL as of and for the three and months ended September 30, 2014 and 2013 is as follows:

- From January 1, 2012 to September 16, 2013, the Company recorded its share of the operating results of Stations WOI-TV and WHBF-TV in equity in earnings of affiliated companies. On September 16, 2013, the buyer assumed operations of the two Stations, and under Time Brokerage Agreements is entitled to all of the economic benefits of owning and operating the Stations. Accordingly, the Company ceased recording its share of the Stations' operating results. In addition, due to the contractual obligations of the buyer to fund the remaining purchase price even without Federal Communications Commission approval, the gain on the sale of the Stations was recorded as of September 16, 2013. Because Coronet sold assets of Station WHBF-TV, the majority of CIBL's share of this gain was recorded in equity in earnings of affiliated companies. The difference between CIBL's accounting basis in its ownership of Coronet and the expected final distributions was recorded under the capital gain on the sale of the television broadcasters, which includes all of the gain from the sale of Capital.

- From November and December 2012, CIBL began recording its approximate 40% interest in ICTC in equity in earnings of affiliated companies. From April 11, 2013 to September 30, 2014, CIBL consolidated ICTC results into its Consolidated Financial Statements and recorded the approximately 60% of ICTC it does not own as non-controlling interest. Accordingly, the below financial data only reflects operating activity from ICTC during part of the calendar 2013 period. Please refer to the Management Discussion and Analysis of Operations located on ICTC's website, www.ictcgroup.net, for a comparative analysis of ICTC's operating results for 2014 and 2013.

Three Months Ended September 30, 2014 and 2013

The Company recorded $953,000 in consolidated revenues in the third quarter of 2014 as compared to $964,000 in the third quarter of 2013. 2013's third quarter revenues included certain contractual management fee arrangements, totaling $43,000, with CIBL's television broadcasting stations that were received by CIBL until September 16, 2013. In 2014, CIBL recorded a $25,000 management fee from ICTC which is eliminated in consolidation. Accordingly, ICTC's revenues increase by $32,000 between the quarters.

Consolidated operating costs and expenses of $919,000 in the third quarter of 2014 consisted of $142,000 of corporate office expense at CIBL, as compared to $151,000 in 2013, and $802,000 of costs and expenses associated with ICTC. ICTC's costs and expenses decreased by $5,000 from the 2013 period of $808,000 in costs and expenses and reflect the following variances: increased costs of revenues of $75,000 due one-time costs of transferring customers to a new switching platform and higher maintenance costs, lower corporate office costs of $44,000 reflecting lower franchise and legal fees and lower depreciation expense of $34,000. ICTC's 2014 costs also include the above noted management fee to CIBL of $25,000, which is eliminated in consolidation. In addition CIBL's costs included $25,000 increase in CIBL's fee to LICT Corporation, reflecting LICT's additional work for ICTC.

Accordingly, ICTC results contributed $151,000 to CIBL's consolidated operating profit in the third quarter of 2014 as compared to $113,000 in 2013, and CIBL incurred an operating loss of $117,000, as compared to an operating loss of $108,000 in the 2013 period.

Investment income of $77,000 for the three months ended September 30, 2014, $44,000 for the three months ended September 30, 2013, primarily reflects cash distributions from ICTC's minority ownership in two wireless telecommunications operations in eastern North Dakota (North Dakota RSAs # 3 and # 5).

Equity in earnings of affiliates was $106,000 for the three months ended September 30, 2014 and represents ICTC's minority ownership in Dakota Carrier Network, LLC ("DCN"). The 2013 amount was $96,000.
Interest expense was $35,000 for the three nine months ended September 30, 2014, and $33,000 for the three months ended September 30, 2013, and represents interest on ICTC's long term debt.

Also in 2013, equity in earnings of affiliates included $41,000 in net earnings from CIBL ownership in Capital and Coronet until the date of sale September 18, 2013. Included in this amount CIBL's share of Coronet sale of its broadcast television assets of $4,741,000.

During the three months ended September 30, 2013, CIBL recorded total pre-tax from the sale of Capital and the sale of the operations of Coronet totaling $17,578,000.

The Company's effective tax rates for 2014 and 2013 were 2.0% and 34.43%, respectively. In 2014 a tax benefit of $71,000 was recorded to reflect the difference between the actual tax payments and the amount previously provided for in the financial statements. Other than this variance, the difference between these rates and the federal statutory rate of 34% in 2014 and 35% in 2013 is primarily due to the double taxation on ICTC's earnings since they are not included in CIBL's tax return and the effect of state income taxes.

Non-controlling interests in 2014 of $122,000 and $91,000 in 2013 represent the share of ICTC's earnings that are attributable to the ICTC shares that are not owned by CIBL.

As a result of the above, CIBL recorded a net income of $56,000 for the three months ended September 30, 2014 as compared to net income of $14,470,000 in in the for the three months ended September 30, 2013. 2013 in included $14,524,000 in after-tax gains from the sales of Capital and Coronet.

Nine Months Ended September 30, 2014 and 2013

The Company recorded $2,903,000 in consolidated revenues in the first three quarters of 2014 as compared to $1,922,000 in the first three quarters of 2013. As noted above, in 2013, CIBL only recognized revenues from ICTC for the period April 11, 2013 to September 30, 2013, whereas in 2014 CIBL recognized ICTC's revenues for the full three quarter period. 2013's first three quarters revenues included certain contractual management fee arrangements, totaling $128,000, with CIBL's television broadcasting stations that were received by CIBL until September 16, 2013. In 2014, CIBL recorded a $75,000 management fee from ICTC which is eliminated in consolidation.

Consolidated operating costs and expenses of $2,840,000 in the nine months ended September 30, 2014 and consisted of $448,000 of corporate office expense at CIBL, as compared to $378,000 in the 2013 period, and $2,467,000 of costs and expenses associated with ICTC. In 2013, ICTC operating costs only reflect the period from April 11, 2013 to September 30, 2013. CIBL's corporate office expenses increased due to a $75,000 increase in CIBL's fee to LICT Corporation, reflecting the additional work for ICTC.

Accordingly, ICTC results contributed $436,000 to CIBL's consolidated operating profit in the first three quarters of 2014 as compared to $228,000 in the 2013 period and CIBL incurred an operating loss of $373,000, as compared to an operating loss of $250,000 in 2013.

Investment income of $217,000 for the nine months ended September 30, 2014 primarily reflects cash distributions from ICTC's minority ownership in two wireless data and communications operations in eastern North Dakota (North Dakota RSAs # 3 and # 5) and a $10,000 dividend from CIBL's investment

in Solix, Inc. Investment income was $111,000 for the nine months ended September 30, 2013, as in 2013, CIBL only included the investment income from these operations for the period from April 11, 2013 to September 30, 2013, and therefore, did not include the first quarter of 2013 distributions.

Interest expense was $105,000 for the nine months ended September 30, 2014 and represents interest on ICTC's long term debt. The amount was $61,000 in 2013 and represents interest on ICTC's long term debt for the period from April 11, 2013 to September 30, 2013.

Equity in earnings of affiliates was $333,000 for the nine months ended September 30, 2014 and represents ICTC's minority ownership in DCN. For the nine months ended September 30, 2013, equity in earnings of affiliates was $5,023,000 and represented CIBL's 40% share of ICTC's earnings from January 1, 2013 to April 11, 2013 ($77,000), CIBL's share of the broadcast television stations' earnings ($13,000), CIBL's share of the Coronet's gain from the sale of its television station assets ($4,741,000) and ICTC's share of DCN's earnings from April 11, 2013 to September 30, 2013 ($192,000).

During the nine months ended September 30, 2013, CIBL recorded total pre-tax gains from the sales of Capital and Coronet totaling $17,578,000.

The Company's effective tax rates for 2014 and 2013 were 28.15% and 35.06%, respectively. In 2014 a tax benefit of $71,000 was recorded to reflect the difference between the actual tax payments and the amount previously provided for in the financial statements. Other than this variance, the difference between these rates and the federal statutory rate of 34% in 2014 and 35% in 2013 is primarily due to the double taxation on ICTC's earnings since they are not included in CIBL's tax return and the effect of state income taxes.

Non-controlling interests of $350,000 in 2013 and $175,000 in 2013 represent the share of ICTC's earnings that are attributable to the ICTC shares that are not owned by CIBL. In 2013, the non-controlling interest only extended from the period April 11, 2013 to September 30, 2013.

As a result of the above, CIBL recorded a net income attributable to CIBL, Inc. of $15,000 for the nine months ended September 30, 2014 as compared to net income attributable to CIBL, Inc. of $14,520,000 in in the for the nine months ended September 30, 2013. 2013 in included $14,524,000 in after-tax gains from the sale of Capital and Coronet.

LIQUIDITY AND CAPITAL RESOURCES

Working Capital

As of September 30, 2014, CIBL had $25,380,000 in cash and cash equivalents and ICTC had $2,801,000 in cash and cash equivalents.

CIBL's current assets of $25,418,000 exceed current liabilities, of $710,000, by $24,708,000. ICTC's current assets of $3,887,000 exceed current liabilities, of $761,000, by $3,126,000.

CIBL also has a $218,000 note receivable from LICT Corporation which is being used to pay a portion, $300,000 per year in 2014, of CIBL's corporate office costs.

Debt

ICTC has subordinated notes of $2,072, 000 outstanding on which it is the obligor, with an interest rate of

6%, payable quarterly, and a maturity of December 31, 2022. The notes may be prepaid at any time without penalty.

Also, ICTC currently has a loan of $488,000 as part of the Broadband Initiatives Program. The loan, which will ultimately total $713,000, is due in monthly payments of principal and interest over 23 years at an interest rate of 3.27%. Principal payments over the next five years are approximately $20,000 per year.

Cash Proceeds from Sale

In September 2013, the Company sold its interest in two broadcast TV stations. The net cash proceeds from the sale of Station WOI-TV, after repayment of debt, expenses associated with the sale, and liquidation of remaining net assets are expected to be $16,657,000, of which $8,473,000 was received in 2013 and $8,184,000 was received in 2014. The net cash proceeds from the sale of Station WHBF-TV, after repayment of debt, expenses associated with the sale, and liquidation of remaining net assets are expected to be $5,045,000, of which $3,016,000 was received in 2013 and $2,030,000 was received in 2014. Tax payments associated with these sales are expected to be $9,709,000 of which $5,665,000 was made in 2013 and the remainder will be made throughout 2014, of which $2,411,000 was made through September 30, 2014.

Investment in ICTC Group Inc.

In November 2012, CIBL acquired 80,000 authorized but previously unissued shares of Class A Common Stock of ICTC, for $22 per share. On December 26, 2012, the Company completed a tender offer to ICTC shareholders in which it acquired an additional 81,552 shares for $22.25 per share. Including related transaction costs, this resulted in a $3,651,000 investment. During 2013, the Company purchased an additional 2,200 shares of ICTC on the open market at an average price of $22.28 per share and in 2014 purchased 555 shares at an average price of $21.59 per share.

Share Repurchases and Distributions

On July 16, 2013, CIBL's Board of Directors authorized the purchase of up to 2,000 shares of its common stock. Through September 30, 2014, 1,240 shares of this authorization have been acquired. On November 11, 2014, the Board increased the authorization by 1,300 shares.

Since CIBL was spun off by LICT Corporation, on November 19, 2007, the Company has acquired, in two Dutch Auctions and open market purchases, a total of 7,010 shares of its common stock, at an average price of $1,106, or a total investment of $7,550,000. In December 2012, the Company completed a modified "Dutch Auction" tender offer in which 2,460 were purchased at $860 per share. In January 2014, the Company completed another modified "Dutch Auction" tender offer in which 2,286 shares were purchased at $1,300 per share. The remaining shares were acquired in open market purchases totaling 2,264 shares at an average price of $1,117 per share. Included in the open market purchases were 1,166 shares purchased in the first nine months of 2014 at an average price of $1,342 per share.

Strategic Options

Adjusting CIBL's September 30, 2014 cash and cash equivalent balance for the estimated remaining income tax payments due throughout 2014 on the sale of the broadcast TV stations of $665,000, the Company has approximately $24,715,000 in cash and cash equivalents.

The Board of Directors is considering a number of additional options with regard to the Company, including but not limited to:

- Acquiring a company or business in a related or unrelated industry, including additional shares of ICTC;
- Maximizing short and long term returns on its portfolio of liquid assets through alternative investments;
- Reacquiring CIBL's outstanding common shares, through open market purchases or another "Dutch Auction";
- Making a cash distribution to CIBL shareholders; or
- Selling CIBL's remaining assets and liquidating the Company.

Among the factors being considered by the Board of Directors in determining the best way to serve shareholders' interests are:

- The current and future federal and state income tax effects of the various alternatives;
- The timing of the cash flow implications;
- The availability and attractiveness of potential acquisition candidates;
- The value of CIBL's remaining assets; and
- Any other factor that could help to maximize shareholder value.